



# Hector De La Torre

*Assembly Member 50<sup>th</sup> District*

## News Release

**For Immediate Release**  
December 1, 2008

**Contact:** Hilda Marella Delgado  
(916) 319-2050

### **De La Torre to reintroduce legislation to limit health insurance cancellations**

**SACRAMENTO, Calif.** – Assemblymember Hector De La Torre (D-South Gate) has introduced legislation to prevent the insurance industry from unfairly rescinding patients' healthcare policies without oversight from a state regulator. Last year's bill, AB 1945, passed both the Senate and the Assembly Floor with bipartisan support and was vetoed by Governor Schwarzenegger in the fall. The new bill number is AB 2.

For the last two years, De La Torre has played a lead role in the Capitol in preventing wrongful rescissions from insurance companies and protecting consumers from being stranded by their healthcare provider when they need coverage the most.

"The insurance industry has made billions by unfairly canceling health policies, with little to no oversight prior to canceling patient's insurance coverage," said De La Torre. "Our current system is flawed. People who get sick deserve to get coverage for services that they paid for and anything less is unacceptable."

Assembly Bill 2 will require individual health care service plans to be subject to an independent automatic external review before denying or rescinding coverage. The bill requires the Department of Managed Health Care (DMHC) and the Department of Insurance (DOI) to jointly establish standard information and health history questions to be used on applications. AB 2 also requires all plans to complete medical underwriting prior to issuing a contract.

"Californians need health care coverage they can rely on when they get sick," Dr. Dev Gnanadev, M.D., president of the California Medical Association said. "Insurance companies in California have a long track record of rescinding health coverage after people get sick. This bill would protect them from being stranded when they need it most. We look forward to working with Assembly member De La Torre and the Governor to ensure that Californians with health insurance have coverage they can count on." "The bill protects consumers by requiring that they continue to receive care while their rescission is reviewed," said De La Torre. "When illness occurs, patients should be concerned with getting well, not with protecting their coverage. AB 2 will shift the burden from the patient to the insurer."

Assemblymember De La Torre first introduced the legislation to address growing criticism of insurers by physicians, patients and healthcare advocates. Ever since, a growing number of investigations have revealed a practice by insurers of dumping sick patients.

(more)

**Background:**

Several major California health insurance companies announced their support for external review of their decisions to rescind or cancel policies. Since then, the DMHC restored coverage for over 1,000 Kaiser Permanente consumers and 85 Health Net consumers due to unfair rescissions.

De La Torre successfully authored Assembly Bill 1324 in 2007 which prohibits health insurers from denying payment for treatment they had already approved before rescinding their consumer's policy. Governor Schwarzenegger signed Assembly Bill 1324.

###